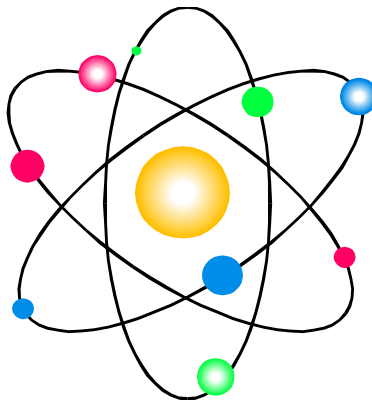


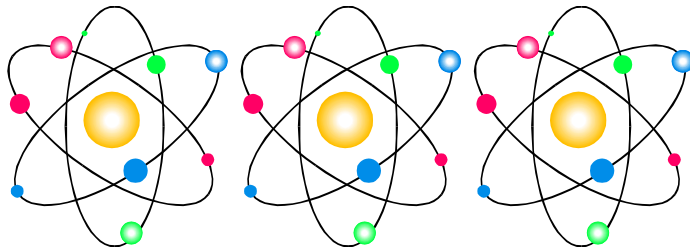
*Cluster
Organizing
Guide*



*Wisconsin Industry Cluster Initiative
2002*

Table of Contents

Introduction	3
A. Initial Discussion with the Industry Champion	4
B. Planning the Industry Organizing Meeting	5
C. Convening the Organizing Meeting	6
D. Cluster “Charter”	7
E. Attachments – Graphics	9
F. Appendix of Resources	13



Introduction

The key to innovation and competitiveness in a global economy is based on a region's ability to support and enhance the growth of interrelated industries that a particular region specializes in. This concentration of interrelated industries is often referred to as a cluster. Healthy clusters are a complex network of suppliers, services, support institutions, and producers concentrated in a particular region that drive innovation and thus, the creation of new products, new companies, and higher skilled/higher wage jobs.

- At its core, a cluster-based economic growth strategy is about focusing investment and energy at the industries where Wisconsin has a competitive or potential advantage over other regions.
- An effective strategy will require the state and regions to make choices about where to invest and where to develop partnerships between public, nonprofit, and private sector institutions to help these clusters grow.
- An effective cluster strategy is also primarily focused on industries that create higher skilled, higher wage jobs.

Pursuing an effective cluster strategy will require a new direction for economic development activity in Wisconsin. The focus will now be on supporting particular clusters in particular regions. It will require the state to make strategic decisions to align funding, programs, organizational structure, and partnerships to support regions and industries that are banding together to enhance the region's competitive advantage.

The decision to target public resources towards clusters cannot be made lightly. An industry cluster must invest the time and energy into developing a short and long-range plan for itself. This guide provides some basic guidance to develop such a plan.



This Guide was developed based on lessons learned by other states, regions and experts in the field of industry clusters. While there may be slightly different models for different industries or regions, there are some key components that can contribute to a healthy, successful cluster.

For additional resource tools, see the appendix list of resources used in the development of this guide.

A. Initial Discussion with the Industry Champion(s)

This section provides some general guidelines for the first discussion between the champion and the facilitator about forming the cluster.

1. Discuss high level goals

- a) What does the champion have in mind for this cluster project? Does he/she seem to have a good grasp of clusters?
- b) Provide informal overview on the benefits of clusters if needed.
- c) Clarify the exact industry that the champion is interested in forming – might it be a smaller sub-cluster (i.e. small engines vs. manufacturing) Help the champion define the cluster that would be meaningful.
- d) Use this opportunity to share information about trends and issues within the industry.

2. Address the Champion's understanding of their role

- a) Are they willing to call the meeting and invite their colleagues
- b) How long are they willing to be the "champion?" (a one year commitment would be ideal, 6 months the minimum)
- c) Is the champion willing to include competitors, unions?
- d) What is the champion's firm able to provide for:
 - copying and postage
 - coffee, rolls, lunch for meetings
 - clerical support for above, i.e. nametags, registration, etc. – if so, get provide company contact
 - meeting room space and/or costs for facilities

3. Clarify Facilitator/Staff role – possible roles include

- a) Assist with planning and convening meetings
- b) Arrange for speakers and/or provide overviews
- c) Serve as liaison to access names/contacts for invite lists and for background research profile on the industry
- d) Facilitate the meetings – clarify the role of the "facilitator" versus "chair" of the meeting
- e) Assist with writing up notes from the meeting, drafting strategic plan

B. Planning the Industry Organizing Meeting

1. Decide on size/scope/goals of first meeting

- a) Should you plan a *smaller pre-organizing meeting* of key companies
This would serve as a group to brainstorm and plan the larger effort. This might assist the champion by involving other leaders to help plan the project. In effect, you might be informally creating what might become a “council” of leaders within the industry. The goals/objectives of this first meeting will be different than the larger inclusive meeting below.
- b) Or a *larger inclusive meeting*
If the champion opts for starting with an “everyone come” approach, help him/her identify members that reflect the diversity in the cluster, keeping in mind that this is an inclusive vs. exclusive approach.

2. Provide assistance in accessing names/contacts

- a) Use business databases at WMC, Commerce, DWD, etc.
- b) Develop and maintain database for the cluster.
- c) Strive for a majority, if not more, business representatives and try to monitor the ratio of public sector attendees to business sector.

3. Identify and invite representatives for the following:

- a) Large, medium and small companies
- b) Final goods manufacturers
- c) Suppliers
- d) Raw materials suppliers
- e) Appropriate labor organizations
- f) Related (overlapping) cluster representatives
- g) Professional firms— law, accounting, marketing, engineering
- h) Specialty research organizations
- i) Educational representatives –University, Technical college, High School – vocational education
- j) Regional/state level economic development organizations, Chambers of Commerce
- k) Specialty regional organizations (i.e. tribes, inner city, neighbor state orgs.)

4. Develop a motivational invitation letter/packet

- a) This will be the first thing many of the potential cluster participants see or hear about clusters and so should be compelling and geared towards their interests.
- b) Decide what to include as enclosures to this mailing, i.e. profile of the industry, examples of a cluster in the industry from another state/region?
- c) Coordinator can provide a fact sheet on clusters in a shell document.
- d) A market leading company champion(s) rather than an industry trade association should sign the invitation.

C. Convening the Organizing Meeting

This section provides guidance on convening the first organizing meeting and contains options for both a small or large meeting.

1. Establish meeting objectives

- a) Small pre-organizing meeting – possible objectives
 - Gain clear understanding of clusters and begin to understand potential benefits of clusters
 - Address any concerns or questions about the benefits – can be done in informal discussion format
 - Initial brainstorming of cluster needs – to be able to focus subsequent meetings
 - Identify other types of companies, suppliers and providers to include in next steps
- b) Larger inclusive meeting – possible objectives
 - Gain clear understanding of clusters and begin to understand potential benefits of clusters
 - Address concerns or questions – may need to bring in speaker that has experience with clusters and/or provide examples of successful efforts, especially for that industry if possible
 - Begin more detailed work on the overall “charge” to the cluster of cataloging key components and inventorying needs (described in section D below). (Note: Work on this may begin at the first meeting but it may also need to be planned for follow-up meeting(s).

2. Arrange speakers – orientation

- a) How much education/orientation does the group need about its industry?
- b) How much education/orientation does the group need about clusters?
- c) Help the Champion manage the agenda if several people are asking to make a presentation.

3. Develop format for the meeting

- a) How long? Will more than one initial meeting be scheduled?
- b) General speakers?
- c) Small group discussions? With or without facilitators?
 - If without, have clear instructions written down. If with, ensure that facilitators know the goals of the discussion.
- d) If small groups, do you want to ensure a mix of participants in each group, by nature of firm? Size? Or by geography?
- e) Assigned topics for small groups to brainstorm?
- f) Large group discussion? Establish specific topics to cover and methods to ensure participation and input from all. Have various methods, i.e. verbal, surveys, voting

D. Developing the Cluster “Charter”

Developing a “charter” for the cluster may occur at the first meeting but it may be the focus of follow-up meeting(s). This can also be described as a strategic plan for the cluster.

1. Catalog the key components of the cluster

- a) Are there raw materials suppliers, grower/producer relationships
- b) Is this a service or product producing industry
- c) Where is this industry in terms of maturity? Solid foundation, transforming, emerging, declining?
- d) What are the key drivers in the industry, i.e. technology, outsourcing, supply chain management, foreign competition?
- e) Are there other industries that this industry is strongly connected to and/or dependent upon? I.e. biotech research and medical instruments. (See Attachment A of Massachusetts Select Clusters)
- f) Is there an active trade organization for the industry?
- g) Are there other organizations that provide research, a trade journal, etc.?

2. Inventory the needs of the cluster companies in areas such as:

- (a) Availability of start-up capital
- (b) Support for spin-offs, entrepreneurial climate
- (c) Research and development capabilities
- (d) Availability of skilled labor
- (e) Training/education infrastructure
- (f) Energy, transportation and information infrastructure
- (g) Presence of market-leading companies
- (h) Entrepreneurial climate and innovation output, i.e. patents, establishment formation, venture capital investments, initial public offerings, and fast growth firms.
- (i) Business climate
- (j) Quality of life

3. Map the interrelationships among firms

- a) Use brainstorm-mapping techniques to gather data and perceived connections.
- b) Identify gaps in suppliers, raw materials suppliers, transportation methods, etc. where there is opportunity for growth to strengthen the cluster.
- c) Develop graphic method to display data that will be useful to the cluster and also help educate others about the cluster
 - Chart Examples - Attachments B, C, D include:
 - Arizona Aerospace
 - California Wine
 - New York’s Electronics

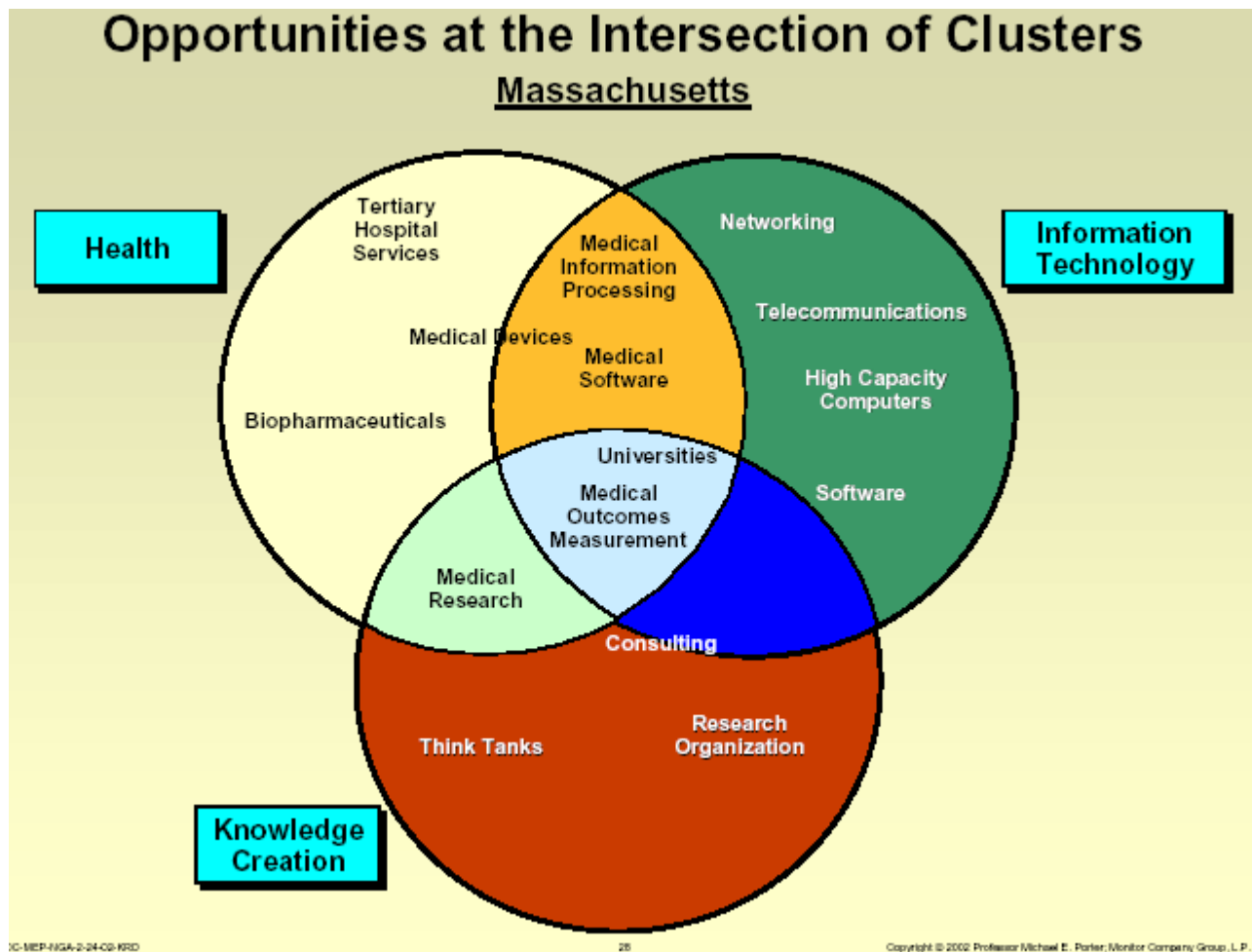
4. Develop a vision of what the cluster can become over the next 10-20 years

- a) Establish goals for growing the cluster in the desired direction such as:
 - expanding existing companies
 - starting new companies
 - and attracting outside companies

- b) Identify specific opportunities for more synergy within the cluster, possibly looking at a continuum that focuses on the following:
 - Co-inform
 - Co-learn
 - Co-market
 - Co-purchase
 - Co-produce

- c) Identify long term goals for specific economic foundations and proposed strategies
 - Foundations could include:
 - Capital
 - Innovation and entrepreneurship
 - Human resources
 - Information and communication infrastructure
 - Physical infrastructure
 - Quality if life
 - Tax and regulation
 - Technology
 - Strategies should include items for:
 - The firms within the cluster
 - Local, state and federal governments
 - Educational institutions

Attachment 1 - Intersection of Clusters



Attachment 2 Chart Example

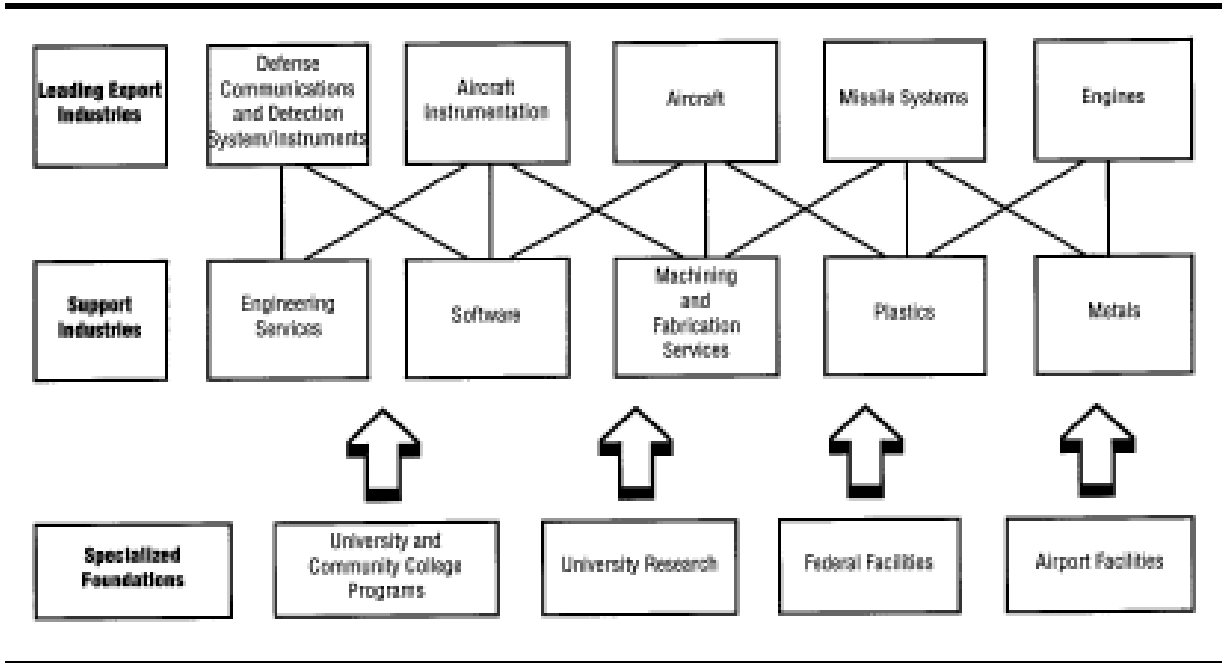
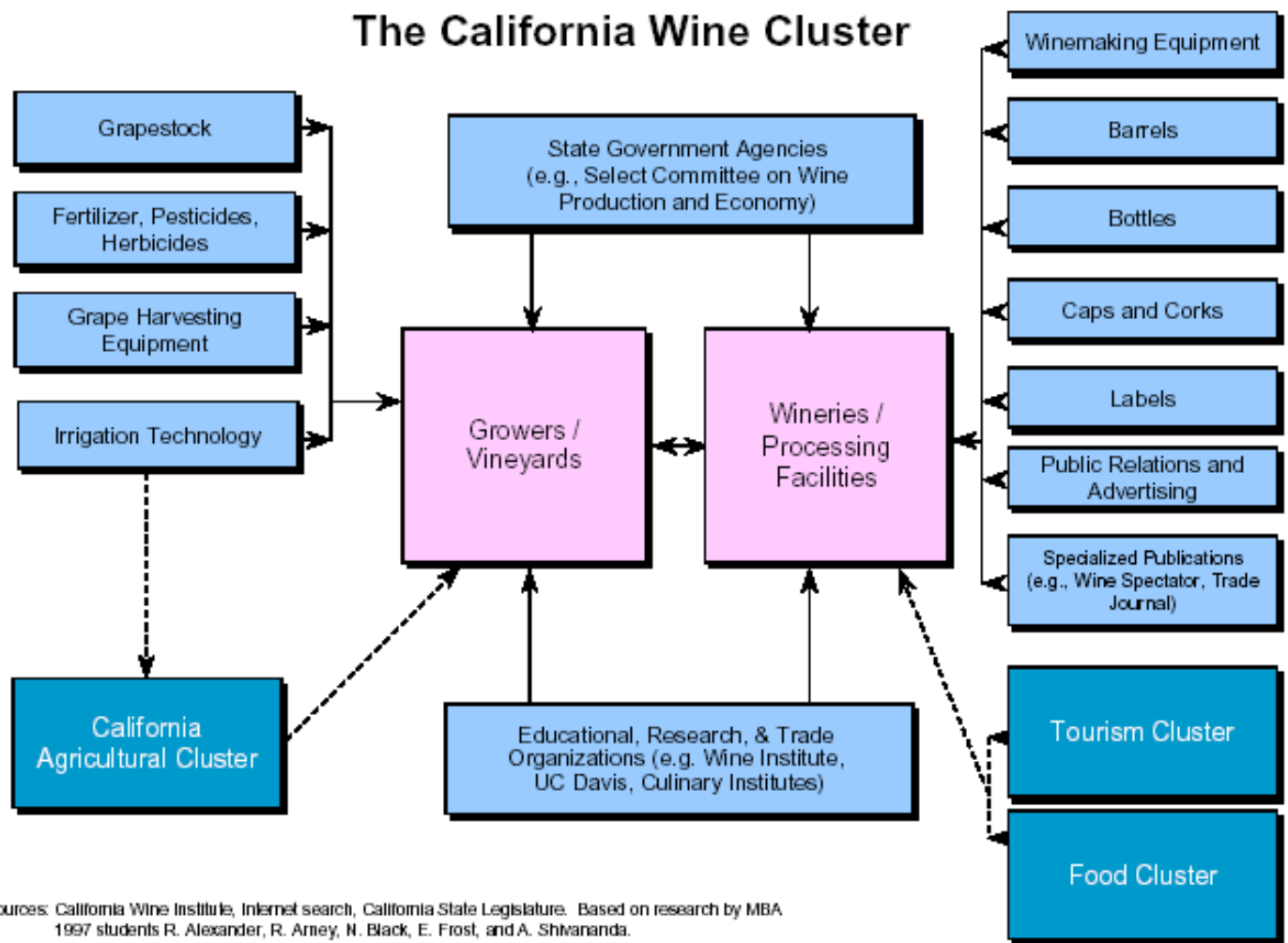


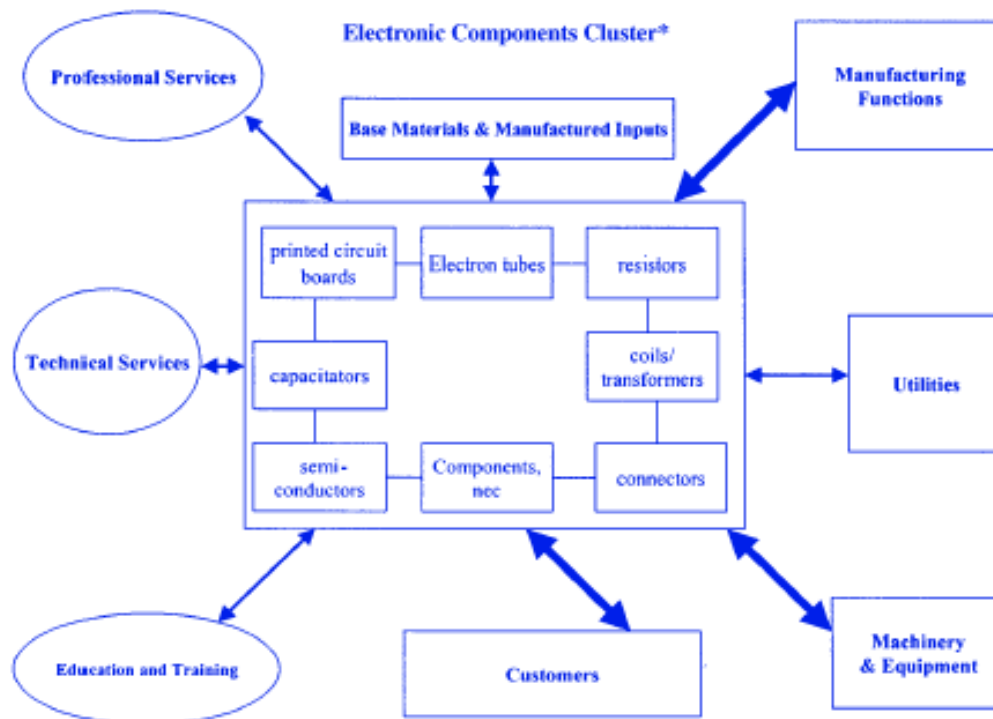
Figure 1: Aerospace Cluster Map
SOURCE: Arizona Strategic Plan for Economic Development.

Attachment 3 Chart Example



Attachment 4 Chart Example

Figure 2: Electronics in New York's Southern Tier



Note: * The thickness of the arrows approximates the intensity of the relationships.

F. Appendix

The following resources were reviewed in the development of this guide.

- 1) **The Added Value of the Industry Cluster Approach to Economic Analysis, Strategy Development, and Service Delivery.** Mary Jo Waits, Arizona State University
<http://www.nga.org/cda/files/ClusterWaits.pdf>
- 2) **Advantages and Disadvantages of Targeting Industry Clusters.** David L. Barkley and Mark S. Henry, Clemson University, Clemson, SC.
http://cherokee.agecon.clemson.edu/redrl_rpt3.pdf
- 3) **Backing into Clusters: Retrofitting Public Policies.** JFK School Symposium, Harvard University, March 2001. Stuart Rosenfeld, Regional Technology Strategies, Carrboro, NC
<http://www.rtsinc.org/publications/Harvard4%20doc%20copy.pdf>
- 4) **Clusters of Innovation: Regional Foundations of US Competitiveness.** Michael Porter, Harvard University. Council on Competitiveness, 2001. To order go to:
http://www.compete.org/publications/clusters_reports.asp
- 5) **A Governor's Guide to Cluster-Based Economic Development** – National Governor's Association - Lead Author Stuart Rosenfeld, Regional Technology Strategies, Carrboro, NC. http://www.nga.org/center/divisions/1,1188,C_ISSUE_BRIEF^D_4063,00.html
- 6) **The Institute for Strategy and Competitiveness** – *Cluster Mapping Project* - Based at the Harvard Business School and led by Michael Porter.
<http://www.isc.hbs.edu/index.html>
- 7) **Other State Cluster Programs**
 - **Arizona**
<http://www.commerce.state.az.us/BusAttraction/Tech%20Industry%20Reports.html>
 - **Connecticut** <http://www.state.ct.us/ecd/Clusters/default.htm>
 - **Minnesota** – University of Minnesota-Hubert H. Humphrey Institute
<http://www.hhh.umn.edu/centers/slp/edweb/example.htm>
 - **US Dept. of Commerce Links**
http://www.osec.doc.gov/eda/html/2b2_3_clusterbased_ed.htm

